

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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JOSEPH E. CONNARTON, *Executive Director*

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TO: West Springfield Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: December 5, 2014

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made quarterly in equal installments each fiscal year. The schedule is effective in FY15 (since the amount under the prior schedule was maintained in FY15) and is acceptable under Chapter 32.

We note that the investment return assumption was increased from 7.75% to 7.875% in this valuation. An increase in this assumption is unusual and we have seen only one other such increase in the past five years. Approximately 40 systems have reduced this assumption in 2014 actuarial valuations. Currently 72 systems use an assumption under 8.0% with the most common assumption being 7.75%. We will approve the schedule since the Board also adopted a more conservative generational mortality assumption as part of this valuation. The Board should consider a reduction in the 7.875% investment return assumption in the next actuarial valuation.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

JEC/jrl

Enc.





WEST SPRINGFIELD RETIREMENT SYSTEM
FUNDING SCHEDULE - 7.875%, Generational Mortality
21 years, 4.00% contribution increases

Fiscal Year	Normal Cost	Unfunded Liability*	Funding Amortization of UAAL	Net 3(8)(c) Payments	Schedule Contribution**	Adjusted for Quarterly Payments
2016	1,294,596	73,614,999	4,710,580	9,412	6,014,588	6,186,624
2017	1,346,380	74,330,642	4,899,380	9,412	6,255,172	6,434,089
2018	1,400,235	70,662,319	5,095,732	9,412	6,505,379	6,691,433
2019	1,456,244	70,729,956	5,299,937	9,412	6,765,594	6,959,111
2020	1,514,494	68,465,245	5,512,311	9,412	7,036,217	7,237,475
2021	1,575,074	67,910,478	5,733,180	9,412	7,317,666	7,526,974
2022	1,638,077	67,073,760	5,962,884	9,412	7,610,373	7,828,053
2023	1,703,600	65,923,357	6,201,776	9,412	7,914,788	8,141,175
2024	1,771,744	64,424,656	6,450,223	9,412	8,231,379	8,466,822
2025	1,842,614	62,539,920	6,708,609	9,412	8,560,634	8,805,495
2026	1,916,318	60,228,027	6,977,329	9,412	8,903,060	9,157,715
2027	1,992,971	57,444,190	7,256,799	9,412	9,259,182	9,524,023
2028	2,072,690	54,139,648	7,547,448	9,412	9,629,549	9,904,984
2029	2,155,598	50,261,336	7,849,722	9,412	10,014,731	10,301,184
2030	2,241,821	45,751,529	8,164,087	9,412	10,415,321	10,713,231
2031	2,331,494	40,547,452	8,491,027	9,412	10,831,934	11,141,760
2032	2,424,754	34,580,868	8,831,045	9,412	11,265,211	11,587,431
2033	2,521,744	27,777,622	9,184,663	9,412	11,715,819	12,050,928
2034	2,622,614	20,057,155	9,552,426	9,412	12,184,452	12,532,965
2035	2,727,519	11,331,976	9,934,900	9,412	12,671,830	13,034,284
2036	2,836,619	1,507,096	1,507,096	9,412	4,353,127	4,477,640
2037	2,950,084	-	-	9,412	2,959,496	3,044,147

Amortization of Unfunded Liability as of July 1, 2015

Year	Type	Original Amort. Amount	Percentage Increasing	Original # of Years	Current Amort. Amount	Years Remaining
2005	ERI-Housing	5,947	0.00%	15	5,947	4
2005	ERI	127,732	0.00%	15	127,732	4
2016	Fresh Start	N/A	N/A	21	N/A	21

* Fiscal Years 2018 and 2020 recognize adjustment for the following deferred actuarial asset gains:

2018 : \$4,236,655

2020 : \$2,117,387

** Contributions are set to be the amount resulting from a 4.00% increase on the prior year's contribution.
The contribution in Fiscal 2036 decreases by 65.6%